

EMPLOYEE FACT SHEET

VOLUNTARY EARLY RETIREMENT (Fiscal Year 2005)

DEFINITION – Voluntary early retirement assists an agency in completing a major personnel or workload change with minimal disruption to the work force. Voluntary early retirement authority (VERA) must be requested by the agency and approved by the Office of Personnel Management (OPM). OPM, with the concurrence of DHHS, has approved NIH's request to use VERA to address administrative consolidation and restructuring needs for functions associated with the Secretary's vision of "one DHHS" and competitive sourcing activities in support of the President's Management Agenda. Our authority continues through September 30, 2005, provided VERA continues to assist in accomplishing the objectives stated. Voluntary early retirement offers apply to employees covered under both the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

ELIGIBILITY – An employee is eligible to apply for voluntary early retirement with an immediate annuity provided he/she has met ALL of the following conditions:

1. Minimum age and service requirements as of the separation date
 - At least age 50 with at least 20 years creditable Federal service; OR
 - Any age with at least 25 years creditable Federal service.
2. Minimum of five years civilian service.
3. Separation from a position subject to CSRS or FERS coverage.
4. If subject to CSRS, must be covered under CSRS for at least one out the two years prior to retirement. This does not apply to FERS employees.
5. Has served continuously with DHHS at least since August 29, 2004.
6. Currently serves in a function covered by the 2005 VERA authority.
7. Is not in receipt of a decision of involuntary separation for misconduct or unsatisfactory performance.
8. Separates no later than close of business September 30, 2005.

EFFECT OF EARLY RETIREMENT ON BENEFITS –

- Federal Employees Health Benefits (FEHB) coverage can be continued through the retirement system provided the employee has been covered under FEHB continuously since November 12, 2004. Coverage as an annuitant is identical to coverage as an employee, but premiums are not paid on a pre-tax basis.
- Federal Employees' Group Life Insurance can be continued through the retirement system provided the employee has carried the coverage for at least five years prior to retirement. Value of coverage and cost depend on elections made at retirement.
- **CSRS Annuity**
 - Commencing date of annuity – If the employee retires on the 1st, 2nd, or 3rd day of a month, annuity begins the following day. Otherwise, annuity begins the first day of the month following retirement.
 - Calculation of annuity – Annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. If the employee is under age 55, this calculation is reduced by one-sixth of one percent for each full month he/she is under age 55 (i.e. 2% per year).
- **FERS Annuity**
 - Commencing date of annuity – Annuity begins the first day of the month following retirement.
 - Calculation of annuity –

FERS Basic Annuity is calculated based on the average high-3 salary and years and months of creditable service. Sick leave is not creditable under FERS. There is no annuity reduction in FERS for employees who retire on an early voluntary retirement under age 55.

EXECPTION: A FERS Transferee with a CSRS Component in his/her annuity, who retires before age 55, will have the CSRS portion of the payable annuity reduced by one-sixth of one percent for each full month he/she is under age 55. No reduction will be applied to the FERS component of the annuity.

[FERS Annuity Supplement](#) is payable to an employee who has completed at least one calendar year of FERS service, when he/she reaches his/her minimum retirement age (MRA). MRA is age 55 to 57, depending on date of birth. The annuity supplement is payable until eligibility for Social

Security begins at age 62. But the annuity supplement is earnings tested, similar to a social security benefit. The supplement will be reduced \$1.00 for every \$2.00 earned above the earnings limitation. For 2004, the earnings limitation is \$1,000 per month.

EMPLOYMENT AFTER VOLUNTARY EARLY OUT

- Non-Federal employment – There are no restrictions on non-Federal employment after a voluntary early retirement. EXCEPTION: Employees covered under FERS who qualify for the annuity supplement could have the supplement reduced or discontinued due to the earning test.
- Federal employment – If an annuitant is hired under a Federal appointment that allows coverage under CSRS or FERS then the annuitant is considered a “reemployed annuitant”. This means the annuity will continue, and the Federal salary will be offset by the annuity. If the reemployed annuitant works at least one year full time equivalent, then the annuitant may apply for a supplemental annuity. If the annuitant works at least five years full time equivalent, then the annuitant may choose either the supplemental annuity or a re-determined annuity.